

BASIC HEALTH PLAN STUDY: PART 1

PROPOSED SCOPE AND OBJECTIVES

SEPTEMBER 2005



STATE OF WASHINGTON
JOINT LEGISLATIVE AUDIT AND
REVIEW COMMITTEE

STUDY TEAM

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MANDATE

The 2005-07 Operating Budget directs JLARC to conduct a performance audit of the Health Care Authority's (HCA) Basic Health Plan (BHP). The BHP provides health insurance coverage to low-income residents of Washington State. This JLARC study will be the first part of a two-part review of the BHP. **Part 1** of the BHP review, which is to be completed by December 2005, will examine the extent to which the BHP's policies and procedures promote or discourage the provision of appropriate, high-quality, cost-effective care for enrollees of the plan. **Part 2**, which is to be completed by July 2006, will have a separate scope and objectives document and will address questions related to the characteristics of BHP enrollees.

BACKGROUND

In 1987, the Legislature established the Basic Health Plan with the intent of providing or making more readily available basic health care services for low-income Washington residents. To qualify for the BHP enrollees must (1) not be eligible for Medicare and (2) have a gross family income at or below 200 percent of the federal poverty level.

The Basic Health Plan was created originally as an independent state agency with its own administrator and staff. In 1993, the BHP merged into the Health Care Authority. Currently, the Basic Health Plan provides state-subsidized coverage to approximately **101,000 people**. For fiscal year 2005, the BHP has budgeted approximately **\$222 million** toward health plan benefits and \$7 million for program administrative costs.

As directed in statute—and within budget constraints—BHP benefits are determined by the HCA Administrator. The Health Care Authority pays premiums directly to the managed health care systems, based on age and negotiated rates by county, with BHP enrollees paying a portion of the premium. The amount enrollees pay is determined on a sliding scale based on their age, family size, gross family income, county of residence, and health plan chosen by enrollee.

SCOPE

In this study, JLARC will focus on the Health Care Authority's management of the state-funded Basic Health Plan. This audit

will not include a review of the Maternity Benefits Program or the Basic Health Plus Program for low-income children because Medicaid funds these two programs and program eligibility is determined by the Health Recovery Services Administration (HRSA) located in Department of Social and Health Services.

OBJECTIVES

The objective for this study is to determine the extent to which HCA is ensuring that their contracted managed health care systems are providing appropriate, high-quality, cost-effective care. As directed by proviso language in the 2005-07 Operating Budget, JLARC will address the following questions in this review:

1. How and to what extent are enrollees encouraged to engage in wellness activities and receive preventative services?
2. How does the Health Care Authority identify and promote evidence-based treatment strategies in the BHP?
3. Are enrollees in the BHP encouraged to use high-quality providers? What criteria does the HCA use to determine the quality of providers?
4. How does the HCA identify BHP enrollees with chronic and other high-cost conditions? Also, how does the HCA ensure that appropriate interventions are provided for those enrollees?
5. How does the HCA encourage innovative health care service delivery methods?

TIMEFRAME FOR THE STUDY

Preliminary report to JLARC in November of 2005 and the final report in January of 2006.

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